



Department of the Treasury
Internal Revenue Service
Tax Exempt and Government Entities

Date:
07/11/2025
Employer ID number:

Form you must file:

Tax years:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202540014
Release Date: 10/3/2025
UIL Code: 501.00-00, 501.03-00, 501.03-30, 501.35-00

Dear :

This letter is our final determination that you don't qualify for exemption from federal income tax under Internal Revenue Code (IRC) Section 501(a) as an organization described in IRC Section 501(c)(3). Recently, we sent you a proposed adverse determination in response to your application. The proposed adverse determination explained the facts, law, and basis for our conclusion, and it gave you 30 days to file a protest. Because we didn't receive a protest within the required 30 days, the proposed determination is now final.

Because you don't qualify as a tax-exempt organization under IRC Section 501(c)(3), donors generally can't deduct contributions to you under IRC Section 170.

We may notify the appropriate state officials of our determination, as required by IRC Section 6104(c), by sending them a copy of this final letter along with the proposed determination letter.

You must file the federal income tax forms for the tax years shown above within **30 days** from the date of this letter unless you request an extension of time to file. For further instructions, forms, and information, visit www.irs.gov.

We'll make this final adverse determination letter and the proposed adverse determination letter available for public inspection after deleting certain identifying information, as required by IRC Section 6110. Read the enclosed Letter 437, Notice of Intention to Disclose - Rulings, and review the two attached letters that show our proposed deletions. If you disagree with our proposed deletions, follow the instructions in the Letter 437 on how to notify us. If you agree with our deletions, you don't need to take any further action.

If you have questions about this letter, you can call the contact person shown above. If you have questions about your federal income tax status and responsibilities, call our customer service number at 800-829-1040 (TTY 800-829-4933 for deaf or hard of hearing) or customer service for businesses at 800-829-4933.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements

Enclosures:

Letter 437

Redacted Letter 4034

Redacted Letter 4038



**Department of the Treasury
Internal Revenue Service**

Date:
05/23/2025
Employer ID number:

Person to contact:
Name:
ID number:
Telephone:
Fax:

Legend:

B = Date
C = State
d dollars = Dollar

UIL:
501.00-00
501.03.00
501.03-30
501.35-00

Dear :

We considered your application for recognition of exemption from federal income tax under Internal Revenue Code (IRC) Section 501(a). We determined that you don't qualify for exemption under IRC Section 501(c)(3). This letter explains the reasons for our conclusion. Please keep it for your records.

Issues

Do you qualify for exemption under IRC Section 501(c)(3)? No, for the reasons stated below.

Facts

You submitted Form 1023-EZ, Streamlined Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code.

You attest that you were incorporated on B, in the State of C. You attest that you have the necessary organizing document, that your organizing document limits your purposes to one or more exempt purposes within the meaning of IRC Section 501(c)(3), that your organizing document does not expressly empower you to engage in activities, other than an insubstantial part, that are not in furtherance of one or more exempt purposes, and that your organizing document contains the dissolution provision required under IRC Section 501(c)(3).

You attest that you are organized and operated exclusively to further charitable purposes. You attest that you have not conducted and will not conduct prohibited activities under IRC Section 501(c)(3). Specifically, you attest you will:

- Refrain from supporting or opposing candidates in political campaigns in any way
- Ensure that your net earnings do not inure in whole or in part to the benefit of private shareholders or individuals

- Not further non-exempt purposes (such as purposes that benefit private interests) more than insubstantially
- Not be organized or operated for the primary purpose of conducting a trade or business that is not related to your exempt purpose(s)
- Not devote more than an insubstantial part of your activities attempting to influence legislation or, if you made a Section 501(h) election, not normally make expenditures in excess of expenditure limitations outlined in Section 501(h)
- Not provide commercial-type insurance as a substantial part of your activities

You stated in your application that you are a social club organized for members to assist with fund raising to support those in need in your community.

During review of your Form 1023-EZ, detailed information was requested supplemental to the above attestations. You are a hobby club organized for the social and recreational benefit of your members. Your primary activity will be socializing and the hobby of playing dominoes. You will host your members and provide them the opportunity to commingle and participate in hobbies, including dominoes. Your activities will be conducted by your members and not be available to the public. Your goal is to bring people together who share similar hobbies and provide the benefit of socializing. Lastly, you stated that your operating expenses and fees will be under d dollars and any leftover funds will be donated.

Law

IRC Section 501(c)(3) provides for the recognition of exemption of organizations that are organized and operated exclusively for religious, charitable or other purposes as specified in the statute. No part of the net earnings may inure to the benefit of any private shareholder or individual.

Treasury Regulation Section 1.501(c)(3)-1(a)(1) states that, in order to be exempt as an organization described in IRC Section 501(c)(3), an organization must be both organized and operated exclusively for one or more of the purposes specified in such section. If an organization fails to meet either the organizational test or the operational test, it is not exempt.

Treas. Reg. Section 1.501(c)(3)-1(c)(1) provides that an organization will be regarded as operated exclusively for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of such exempt purposes specified in IRC Section 501(c)(3). An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

Treas. Reg. Section 1.501(c)(3)-1(d)(2) defines the term charitable as including the relief of the poor and distressed or of the underprivileged, and the promotion of social welfare by organizations designed to lessen neighborhood tensions, to eliminate prejudice and discrimination, or to combat community deterioration. The term “charitable” also includes lessening of the burdens of government.

In Golf Life World Entertainment Golf Championship, Inc. v. U.S., 15 A.F.T.R.2d 307, which concerned a nonprofit company whose only activity was the promotion and conduct of an annual golf tournament, with net proceeds distributed to an exempt charity, the court stated:

While it is true that plaintiff is organized to conduct a golf tournament, it seems well settled that an organization need not engage in a functional charitable activity to be organized and operated for

charitable purposes within the meaning of section 501(c)(3). Such charitable purposes may be accomplished solely by providing funds to other exempt charitable organizations. ... Moreover, the fact that the plaintiff obtains all of its income from a profit-making activity does not destroy the fact that it is organized and operated for charitable purposes within the meaning of section 501(c)(3).

In St. Louis Science Fiction Limited v. Commissioner, 49 TCM 1126, 1985-162, the Tax Court held that a science fiction society failed to qualify for tax-exempt status under Section 501(c)(3) of the Code. Although many of the organization's functions at its annual conventions (the organization's principal activity) were educational, its overall agenda was not exclusively educational. A substantial portion of convention affairs were social and recreational in nature. Accordingly, although the petitioner's conventions may have provided some educational benefit to the individuals involved, the predominance of social and recreational purposes compelled the court to conclude that petitioner failed to establish that it was operated exclusively for educational purposes. Further, you stated that only leftover funds from your operating expenses would be donated. This indicates that such donations to support needy individuals in your community would be only a secondary activity to your primary activity of socializing and playing dominoes.

In Schoger Foundation v. Commissioner, 76 T.C. 380 (1981), an organization operating a religious retreat facility did not qualify for exemption under section 501(c)(3) since it failed to show that the retreat facility was operated exclusively for religious purposes. While the organization's mountain lodge offered guests religious, recreational, and social activities, none were regularly scheduled or required. The court concluded that organization had not met its burden of proof to show that the lodge was operated primarily for a religious purpose and that the recreational and social activities were only incidental to a religious purpose.

In Better Business Bureau of Washington, D.C. Inc. v. U.S., 326 US. 279 (1945), the court held that the presence of a single non-exempt purpose, if substantial in nature, will preclude exemption, regardless of the number or importance of statutorily exempt purposes.

Application of law

Two main tests to qualify for exempt status are set forth by IRC Section 501(c)(3) and Treas. Reg. Section 1.501(c)(3)-1(a)(1). An organization must both be organized and operated exclusively for purposes described in IRC Section 501(c)(3). You have failed to meet the operational requirements.

You do not meet the operational test under IRC Section 501(c)(3) because you are not operating exclusively for charitable purposes as required under Treas. Reg. Section 1.501(c)(3)-1(c)(1). You were primarily formed to promote the social and recreational benefit of your members through the playing of dominos and other similar recreational activities. As provided in Treas. Reg. Section 1.501(c)(3)-1(d)(2), you have not established that your operations accomplish exclusively charitable purposes.

You are unlike the organization described in Golf Life World Entertainment Golf Championship, Inc., which distributed their net proceeds to a tax-exempt organization. That organization conducted its annual golf tournaments for an intended purpose of raising funds for charitable purposes. Conversely, while you will donate any leftover operational funds to support those in need in your community, there is no indication that you intentionally raise funds or conduct specific activities to generate proceeds to be used for charitable distributions. Therefore, since your charitable distributions are an insubstantial activity and unrelated to your primary activity of socializing and playing dominoes, your activities are not in furtherance of 501(c)(3) purposes.

Like the organization described in St. Louis Science Fiction Limited, you are exclusively organized and operated for the social and recreational benefit of your members. Therefore, since your activities further private interests and social and recreational purposes, your activities are not in furtherance of 501(c)(3) purposes.

Like the organization described in Schoger Foundation, you substantially serve social and recreational purposes. Any potential exempt activities are only incidental in nature and are dependent on the costs of your non-exempt activities. Therefore, a substantial amount of your activities further purposes beyond the scope of 501(c)(3).

Similarly, you are like the organization described in Better Business Bureau of Washington, D.C. Inc., since a substantial amount of your hobby activities are not in furtherance of 501(c)(3) purposes and will preclude under section 501(c)(3).

Conclusion

You do not qualify for recognition of exemption under IRC Section 501(c)(3) because you fail to meet the operational test. You are operating primarily for the social and recreational benefit of your members. This is a substantial non-exempt purpose, which disqualifies you from exemption under IRC Section 501(c)(3).

If you agree

If you agree with our proposed adverse determination, you don't need to do anything. If we don't hear from you within 30 days, we'll issue a final adverse determination letter. That letter will provide information on your income tax filing requirements.

If you don't agree

You have a right to protest if you don't agree with our proposed adverse determination. To do so, send us a protest within 30 days of the date of this letter. You must include:

- Your name, address, employer identification number (EIN), and a daytime phone number
- A statement of the facts, law, and arguments supporting your position
- A statement indicating whether you are requesting an Appeals Office conference
- The signature of an officer, director, trustee, or other official who is authorized to sign for the organization or your authorized representative
- The following declaration:

For an officer, director, trustee, or other official who is authorized to sign for the organization:
Under penalties of perjury, I declare that I have examined this request, or this modification to the request, including accompanying documents, and to the best of my knowledge and belief, the request or the modification contains all relevant facts relating to the request, and such facts are true, correct, and complete.

Your representative (attorney, certified public accountant, or other individual enrolled to practice before the IRS) must file a Form 2848, Power of Attorney and Declaration of Representative, with us if they haven't already done so. You can find more information about representation in Publication 947, Practice Before the IRS and Power of Attorney.

We'll review your protest statement and decide if you gave us a basis to reconsider our determination. If so, we'll continue to process your case considering the information you provided. If you haven't given us a basis

for reconsideration, we'll send your case to the Appeals Office and notify you. You can find more information in Publication 892, How to Appeal an IRS Determination on Tax-Exempt Status.

If you don't file a protest within 30 days, you can't seek a declaratory judgment in court later because the law requires that you use the IRC administrative process first (IRC Section 7428(b)(2)).

Where to send your protest

Send your protest, Form 2848, if applicable, and any supporting documents to the applicable address:

U.S. mail:

Internal Revenue Service
EO Determinations Quality Assurance
Mail Stop 6403
PO Box 2508
Cincinnati, OH 45201

Street address for delivery service:

Internal Revenue Service
EO Determinations Quality Assurance
550 Main Street, Mail Stop 6403
Cincinnati, OH 45202

You can also fax your protest and supporting documents to the fax number listed at the top of this letter. If you fax your statement, please contact the person listed at the top of this letter to confirm that they received it.

You can get the forms and publications mentioned in this letter by visiting our website at www.irs.gov/forms-pubs or by calling 800-TAX-FORM (800-829-3676). If you have questions, you can contact the person listed at the top of this letter.

Contacting the Taxpayer Advocate Service

The Taxpayer Advocate Service (TAS) is an independent organization within the IRS that can help protect your taxpayer rights. TAS can offer you help if your tax problem is causing a hardship, or if you've tried but haven't been able to resolve your problem with the IRS. If you qualify for TAS assistance, which is always free, TAS will do everything possible to help you. Visit www.taxpayeradvocate.irs.gov or call 877-777-4778.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements